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ACTION EB-01

INFO LOG-00 AGRE-00 AIT-03 AMAD-01 CIAE-00 DODE-00 ITCE-00  
EAP-01 E-01 FRB-01 H-01 INRE-00 INR-01 IO-19  
ITC-01 JUSE-00 LAB-04 ADS-00 NSAE-00 NSCE-00 OIC-02  
OMB-01 SP-01 STRE-00 STR-20 TRSE-00 /058W

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R 040715Z JUN 92  
FM AMCONSUL GUANGZHOU  
TO SECSTATE WASHDC 6314  
US CUSTOMS SERVICE  
INFO AMEMBASSY BEIJING  
USMISSION GENEVA  
USDOC WASHDC  
AMCONSUL SHANGHAI  
AMCONSUL SHENYANG  
AMCONSUL HONG KONG  
AIT TAIPEI 2040

DEPARTMENT OF STATE 1M/IPS/CR/TRM Date: 3/11/97  
( ) RELEASE ( ) DECLASSIFY  
( ) EXCISE ( ) DECLASSIFY EO Citations  
( ) DENY IN PART

FOIA Exemptions ( ) CLASSIFY as ( ) S or ( ) C Sec.  
PA Exemptions ( ) DOWNGRADE TS to ( ) S or ( )

UNCLAS SECTION 01 OF 03 GUANGZHOU 03160

STATE PASS USTR FOR JON ROSENBAUM

DEPT FOR EAP/CM AND EB/TEX

HONG KONG FOR SCO GRAY

USDOC FOR 4420/IEP/EAP/OPRCHK/CLUCYK

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TREASURY FOR DEVELOPING NATIONS FINANCE

GENEVA PASS USTR SHEPARD

BEIJING PLEASE PASS CHENGDU

E.O. 12356: N/A  
TAGS: KTEX, ETRD, CH  
SUBJECT: MEASURES TAKEN AND TO BE TAKEN BY THE CHINESE  
GOVERNMENT TO PROHIBIT ILLEGAL TRANSSHIPMENT OF  
TEXTILES

REF: BEIJING 14824

1. DURING U.S. AND PRC (PEOPLE'S REPUBLIC OF CHINA)  
TEXTILE CONSULTATIONS HELD IN GUANGZHOU MAY 29TH AND

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30TH, THE CHINESE DELEGATION (LED BY MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE, FOREIGN TRADE ADMINISTRATION DEPUTY DIRECTOR, HE WEI) PRESENTED THE U.S. DELEGATION WITH A PAPER IDENTIFYING ACTIONS WHICH THE CHINESE GOVERNMENT HAS TAKEN TO DATE TO COMBAT ILLEGAL TEXTILE TRANSSHIPMENTS ORIGINATING IN CHINA AND FUTURE ACTIONS CHINA INTENDS TO TAKE. THE TEXT SUMS UP MEASURES AGREED UPON BY MEMBERS OF THE CHINESE TEXTILE DELEGATION (NAMES PROVIDED IN REFTEL) DURING SEVERAL DAYS OF MEETINGS IN GUANGZHOU. THESE MEETING WERE HELD IMMEDIATELY PRIOR TO CONSULTATIONS WITH THE U.S. TEXTILE DELEGATION (LED BY JON ROSENBAUM, USTR DEPUTY CHIEF TEXTILE NEGOTIATOR). THE CHINESE DELEGATION LEADER POINTED OUT FUTURE ACTIONS PROPOSED IN THE PAPER HAVE NOT YET BEEN APPROVED BY HIGHER AUTHORITIES, BUT

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DID NOT ANTICIPATE PROBLEMS IN IMPLEMENTING THESE MEASURES.

BEGIN TEXT

MEASURES TAKEN AND TO BE TAKEN BY THE CHINESE GOVERNMENT TO PROHIBIT ILLEGAL TRANSSHIPMENT OF TEXTILES

MEASURES TAKEN ALREADY:

1. IN OCTOBER, 1990, MOFERT ISSUED ITS FIRST DOCUMENT TO LOCAL AUTHORITIES, MAKING IT CLEAR THAT APPARELS MADE IN CHINA WITH A LABEL OF A THIRD COUNTRY OR REGION IS ILLEGAL AND THOSE ENGAGED IN ILLEGAL TRANSSHIPMENT SHOULD BE SEVERELY PUNISHED UPON VERIFICATION.
2. IN JANUARY, 1991, MOFERT HELD A NATIONAL MEETING ATTENDED BY LOCAL AUTHORITIES CONCERNED ON TRANSSHIPMENT ISSUE.
3. HAVING CONSULTED WITH THE STATE ADMINISTRATION OF CUSTOMS, MOFERT PROMULGATED ITS NO. 1 NOTICE OF 1991 IN FEBRUARY ON PROHIBITING ILLEGAL TRANSSHIPMENT, STATING THE REGULATIONS AND PUNISHMENT MEASURES.
4. ON NOVEMBER 11, 1991, UPON CONSULTATION WITH THE STATE ADMINISTRATION OF CUSTOMS AND STATE ADMINISTRATION OF IMPORT AND EXPORT COMMODITIES INSPECTION, MOFERT ISSUED A DOCUMENT TO LOCAL ISSUING AUTHORITIES WITH COPIES TO THE LOCAL CUSTOMS AND

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COMMODITIES INSPECTION BUREAU REITERATING ITS  
REGULATIONS AND BRINGING INTO PLAY OF THE ROLE OF THE  
ABOVE MENTIONED TWO AGENCIES.

5. ON NOVEMBER 19, 1991, MOFERT MADE IT KNOWN BY  
ISSUING A DOCUMENT THE ACTION TAKEN BY ZHUHAI LOCAL  
AUTHORITY TO WITHDRAW THE CERTIFICATE OF INCORPORATION  
OF A JOINT VENTURED COMPANY CALLED YUAN FAT FASHION CO,  
LTD, FOR CONTINUING THE ILLEGAL TRANSSHIPMENT AFTER  
MOFERT REGULATIONS.

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USDOC WASHDC  
AMCONSUL SHANGHAI  
AMCONSUL SHENYANG  
AMCONSUL HONG KONG  
AIT TAIPEI 2041

UNCLAS SECTION 02 OF 03 GUANGZHOU 03160

STATE PASS USTR FOR JON ROSENBAUM

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E.O. 12356: N/A

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SUBJECT: MEASURES TAKEN AND TO BE TAKEN BY THE CHINESE

6. ON NOVEMBER 26, 1991, MOFERT ISSUED A DOCUMENT NOTIFYING ALL IMPORT AND EXPORT CORPORATIONS TO CUT BUSINESS RELATIONS WITH A HONG KONG COMPANY CALLED LUCKY COUNTRY, LTD, (LATER CHANGED ITS NAME TO GREAT COUNTRY, LTD) WHO ENGAGED IN ILLEGAL TRANSSHIPMENT IN LARGE SCALE, WARNING THOSE WHO CONTINUE TO KEEP ILLEGAL CONTACTS WITH LUCKY COUNTRY, LTD, WILL GET SEVERE PUNISHMENT.

7. IN MARCH, 1992, ACCORDING TO THE AGREEMENT BETWEEN THE TWO GOVERNMENTS ON AMENDMENT OF THE VISA ARRANGEMENT, AND TO ASSIST THE U.S. GOVERNMENT IN THE INVESTIGATION OF ILLEGAL TRANSSHIPMENT, MOFERT ISSUED A DOCUMENT REQUIRING CHINESE IMPORT AND EXPORT CORPORATIONS TO WRITE THE NAME AND ADDRESS OF THE MANUFACTURERS ON THE TEXTILES IMPORT AND EXPORT LICENSES FROM MAY 1, 1992.

8. ON APRIL 17, 1992, MOFERT INFORMED GUANGDONG AND GUANGZHOU ISSUING AUTHORITIES TO STOP ISSUING EXPORT  
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LICENSES CONTEMPARILY (SIC) FOR CATEGORY 338/9 FOR 1992 FOR ALL I/E CORPORATIONS HOLDING THE QUOTA. UPON INVESTIGATION AND VERIFICATION, MOFERT WILL TAKE MORE SPECIFIC ACTIONS AGAINST THOSE ACTUALLY INVOLVED IN THE ILLEGAL TRANSSHIPMENT ACTIVITIES.

9. MOFERT HAS WITHDRAWN ALL QUOTAS ALLOCATED TO

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JIANGSU PACKAGING I/E CORPORATION FOR 1992 AS A  
PUNISHMENT FOR INVOLVING IN THE ILLEGAL TRANSSHIPMENT  
OF TEXTILES.

MEASURES TO BE TAKEN:

1. FURTHER STRENGTHENING THE ROLE OF THE CHINESE  
CUSTOMS AND WORKING OUT MORE SPECIFIC RULES SO AS TO  
STOP THE GOODS WITH FALSE COUNTRY OF ORIGIN LABEL AND  
GOODS WITHOUT ANY LABEL BUT WITH THE INTENTION OF  
ILLEGAL TRANSSHIPMENT.
2. TIGHTENING CONTROL OF THE COMMODITY INSPECTION,  
ESPECIALLY THE INSPECTION OF THE COUNTRY OF ORIGIN  
CERTIFICATES AND LABELS.
3. MAKING THE LOCAL AUTHORITIES TO TAKE FULL  
RESPONSIBILITIES WITHIN THEIR JURISDICTION AND WILL  
DEDUCT THE QUOTAS FOR SPECIFIC PROVINCES AND CITIES IF  
THERE IS ANY ILLEGAL TRANSSHIPMENT WITH EVIDENCE  
INSTEAD OF MAKING THE WHOLE COUNTRY TO SHARE THE UNFAIR  
BURDEN OF DEDUCTED QUOTAS.
4. FURTHER CLARIFYING THE REGULATIONS ESPECIALLY THE  
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PUNISHMENT MEASURES AGAINST ILLEGAL TRANSSHIPMENT,  
WORKING OUT MORE DETAILED MEASURES FOR PUNISHMENT, NOT  
ONLY ADMINISTRATIVE MEASURES, BUT ALSO ECONOMIC  
MEASURES.

5. TAKING LEGAL ACTIONS AGAINST PEOPLE AND  
CORPORATIONS WHO ARE ENGAGED IN ILLEGAL TEXTILE  
TRANSSHIPMENT ACCORDING TO THE CHINESE LAWS CONCERNED.
6. THE STATE ADMINISTRATION OF CHINESE CUSTOMS WILL  
COOPERATE WITH THE U.S. CUSTOMS CONCERNED IN SEARCHING

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AMCONSUL HONG KONG  
AIT TAIPEI 2042

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TAGS: KTEX, ETRD, CH

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FOR MUTUALLY ACCEPTABLE MEASURES TO PREVENT ILLEGAL  
TRANSSHIPMENT OF TEXTILES.

7. CHINESE AUTHORITIES CONCERNED ARE CONSIDERING TO  
TAKE APPROPRIATE PUNISHMENT MEASURES AGAINST THE  
SHANGHAI REPRESENTATIVE OFFICE OF TAIWAN RING

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INDUSTRIES LIMITED WHO HAS BEEN ACTIVELY ENGAGED IN  
ILLEGAL TRANSSHIPMENT SINCE 1990 AND TAKE ACTIONS  
AGAINST OTHER ENTERPRISES AND AGENCIES WHO EN  
GAGE IN  
SIMILAR ACTIVITIES UPON VERIFICATION.

8. A SPECIAL WORKING GROUP CONSISTING OF  
REPRESENTATIVES FROM STATE ADMINISTRATION OF CUSTOMS,  
THE STATE COMMODITIES INSPECTION BUREAU AND MOFERT WILL  
BE SET UP TO INVESTIGATE THE ILLEGAL TRANSSHIPMENT  
PROBLEMS. THIS GROUP WILL, AT THE SAME TIME, TAKE  
SPECIFIC ACTIONS AGAINST THOSE ENTERPRISES AND PERSONS  
WHO ARE PROVED TO BE ENGAGED IN ILLEGAL TRANSSHIPMENT.  
THESE ACTIONS MAY INCLUDE DEDUCTING AND WITHDRAWING  
QUOTAS, RESCINDING THE CERTIFICATE OF INCORPORATION,  
TAKING ECONOMIC AND LEGAL MEASURES WHEN NECESSARY.

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